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Financial Management

AUDITING IN THE AIR NATIONAL GUARD

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This instruction prescribes policy and responsibilities for Federal audits of the Air National Guard (ANG), including notification procedures, report distribution, and reply requirements. It implements Air Force Policy Directive (AFPD) 65-4, *Followup on Internal Air Force Audit Reports and Liaison with External Audit Organizations*; 7 September 1993; Department of Defense (DoD) Instruction 7050.3, *Access to Records and Information by the Inspector General, Department of Defense*, 24 April 2000; DoD Directive 7600.10, *Audits of State and Local Governments, and Non-Profit Organizations*, 18 October 2006; and DoD Directive 7650.3, *Followup on General Accounting Office, DoD Inspector General, and Internal Audit Reports*, 18 October 2006; AFPD 65-3, *Internal Auditing*, 21 April 2010; DoD Instruction 7600.02, *Audit Policies*, 27 April 2007; and DoD Instruction 7650.2, *Government Accountability Office (GAO) Reviews and Reports*, 20 November 2006. It provides ANG-specific guidance and procedures on the policies and responsibilities for deciding, monitoring, and closing findings and recommendations for government audits. It also establishes procedures regarding the use of audits to improve programs; make financial reporting more accurate; and ensure public resources are used efficiently, effectively, economically, and legally throughout the Air Force. Refer recommended changes and questions about this publication to the Office of Primary Responsibility (OPR) using the Air Force Form 847, *Recommendation for Change of Publication*. Ensure that all records created as a result of processes prescribed in this publication are maintained in accordance with Air Force Manual (AFMAN) 33-363, *Management of Records*, and disposed of in accordance with Air Force Records Information Management System (AFRIMS) Records Disposition Schedule (RDS) located at <https://www.my.af.mil/gcss-af61a/afirms/afirms/>. The use of the name or mark of any specific manufacturer, commercial product, commodity, or service in this publication does not imply endorsement by the Air Force.

SUMMARY OF CHANGES

This document is substantially revised and must be completely reviewed. This revision updates the audit notification process; redefines how audit reports are processed; and outlines the procedures for responding to audit findings and follow-ups. It also updates the identification of organizations involved in the audit reporting process to include updating the National Guard Bureau Office of Internal Review and Audit Compliance (NGB-ZC-IR). It removes all reference to the Commanders Audit Program (CAP) which no longer exists. It improves the arrangement of information to enhance the flow and increase reader understanding.

1. Policy. Commanders at all levels will support internal audits as an important part of the managerial control system. All personnel, facilities, reports, records, property, and/or other information (classified or unclassified) deemed necessary by the auditors will be made available for examination. Office space and facilities for auditors to use will be provided.

2. Audit Focal Point Information:

2.1. National Guard Bureau Office of Internal Review and Audit Compliance (NGB-ZC-IR). NGB-ZC-IR will serve as the External Audit Liaison for NGB (i.e. Joint Staff, Army National Guard, and ANG) and will receive notification of all external audits from the applicable audit agency.

2.2. ANG Representative. The Comptroller, Plans and Programs Branch of the Financial Management and Comptroller Directorate, National Guard Bureau (NGB/FMFP) Joint Base Andrews MD), will serve as the ANG representative for all government audits (i.e. GAO, DoD, Air Force Audit Agency (AFAA), etc.) and is the audit focal point (AFP) for all audit activities involving the ANG.

2.3. State level. The United States Property and Fiscal Office (USPFO) will be the AFP for at State level for all Federal audits within their jurisdiction. As the State AFP, the USPFO will assign an AFP at each of the ANG organizations within their jurisdiction.

2.4. AFP for ANG organizations that do not have an USPFO. The Directors (or equivalent) will assign an AFP for their directorate. Every ANG organization (e.g. NGB directorate, detachment, geographically separated unit, training site, etc) will have an AFP.

3. Audit Notification:

3.1. ANG will receive audit notification from audit agencies in accordance with applicable Air Force Instructions (AFIs).

3.2. If instances occur where proper advance notification of an audit effort is not received, and a surprise element is not involved, the ANG representative should be immediately notified through proper ANG channels.

3.3. The ANG representative will contact the applicable audit agency to determine the reasons for the lack of prior notification and will obtain audit notification documentation as necessary.

3.4. Upon receiving proper audit notification, the ANG representative will advise the affected unit in accordance with established guidance. This procedure is not intended to restrict audit activity, but rather is established to ensure proper communication as required by Federal statute.

4. Reports of Audit. The audit reporting process/report dissemination process will vary depending on the agency conducting the audit (see table):

Table 4.1. Audit Report Reference.

Agency	Directive
GAO	AFI 65-401
DoD	AFI 65-402
AFAA	AFI 65-301 AFI 65-403

5. Reply to Draft Report of Audit:

5.1. Management will reply to the draft report of audit with a statement of concurrence or nonconcurrence on each finding, recommendation, and potential monetary benefit.

5.2. If management nonconcurs with findings, recommendations, or potential monetary benefit, the AFP for that organization must promptly notify the ANG Representative, the auditor, and applicable USPFO. The goal is to resolve all disagreement prior to the finalization of the report of audit.

5.3. In most instances, audit agencies will allow management 30 days to provide management comments to a report of audit. On rare occasions, extenuating circumstances may make it impossible for management to meet the audit agency's suspense for management comments. When management cannot meet the aforementioned suspense, the AFP must promptly notify the ANG Representative, the auditor, and applicable USPFO. The AFP will provide the audit agency complete justification for missing a suspense and request the audit agency extend the suspense. Audit agency personnel will determine whether to grant an extension. Requests for extensions will be evaluated on a case by case basis and will not be routinely issued.

6. Follow-up on audit report. Follow-up will occur in accordance with applicable audit agency instructions. Refer to paragraph 4 for applicable guidance.

Harry M. Wyatt III, Lieutenant General, USAF
Director Air National Guard

Attachment 1**GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION*****References***

AFI65-301, *Audit Reporting Procedures*, 28 May 2010

AFI65-401, *Relations with The Government Accounting Office (GAO)*, 23 March 1994

AFI65-402, *Relations with the Department of Defense, Office Of The assistant Inspector Generals for Auditing, And Analysis and Followup*, 19 July 1994

AFI65-403, *Followup on Internal Air Force Audit Reports*, 2 June 1994

Abbreviations

AFAA—Air Force Audit Agency

AFI—Air Force Instruction

AFP—Audit Focal Point

AFPD—Air Force Policy Directive

ANG—Air National Guard

DoD—Department of Defense

GAO—General Accounting Office

NGB—National Guard Bureau

NGB/FMFP—Financial Management and Comptroller Directorate, National Guard Bureau

NGB-ZC-IR—Office of Internal Review, National Guard Bureau

OPR—Office of Primary Responsibility

USPFO—United States Property and Fiscal Officer